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ABSTRACT

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 places vast new information burdens on state and local governments and the nonprofit and private sectors. Three classes of problems confront program and information managers implementing welfare reform: developing information infrastructure, redesigning applications to meet new management needs, and developing efficient cross-organizational data exchange methods. Internal welfare networks need to connect electronically with external partners to meet mandates for state reporting and the 5-year limit on welfare benefits. Expansion of the welfare information network beyond traditional boundaries poses major management challenges: financial, coordination and standards development, and support capacity. A far more robust and integrated information system must encompass five types of information: client characteristics, process, environment, cost, and outcome. Current welfare systems are fairly well developed in the areas of process, demographic, and cost data. However, state and local information systems must support the monitoring of client and staff actions to meet outcomes, and variation in program design makes set treatments to achieve national outcomes problematic. The requirement of cross-organization and cross-system information exchange contained in the act raises serious issues of data integrity. Significant investments are required in information system upgrades, modifications, new purchases, and investments in worker training and education. (YLB)

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ROCKEFELLER REPORTS

The Nelson A. Rockefeller Institute of Government
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Welfare Reform and Information Management:

Rewiring the Human Service System

Terrence A. Maxwell

HIGHLIGHTS

- The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 places vast new information burdens on state and local governments, the nonprofit sector, and even the private sector — and, of course, on the federal agencies responsible for interpreting the act's requirements and for receiving, analyzing, and reporting the data.
- Ironically, federal reporting requirements detailed in the law emphasize measures of client behavior while in the welfare system, but do not contain measures of true outcomes, namely, the success of individuals in keeping jobs and improving their lives after welfare benefits terminate.
- Information collection must be broader and more flexible, incorporating outcomes, environmental information, client demographics, services provided, and costs related to service provision, so that policy makers and managers in each state and locality can deduce effective treatments through data analysis.
- The inter-relatedness of client problems argues for the need to integrate more information at the caseworker's desktop, as they struggle with day-to-day decisions about service delivery for individual families and clients.

November 14, 1997 was the deadline for the first wave of quarterly reports by the American states on the performance of the new federal welfare program, Temporary Assistance for Needy Families. Although it is too soon to draw strong conclusions about the quality of the data or their ease of use, it is already clear that big problems exist. The states were given software to capture and transfer program information from their own agencies to the U.S. Social Security Administration and then to the National Institutes of Health, which would analyze the information and prepare the reports for the Department of Health and Human Services. But most of the states found that the software did not work. And the states themselves are struggling to collect and compile the disaggregated case information that the quarterly reports required, such as the types of work activities in which program clients participated, the number of hours per

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week they worked, the earnings of the employed adults in the family, the clients' citizenship, the reasons for case terminations — and on and on.

State agencies are not the only organizations struggling with the information system requirements of federal and state welfare reforms. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 places vast new information burdens on state and local governments, the nonprofit sector, and even the private sector — and, of course, on the federal agencies responsible for interpreting the act's requirements and for receiving, analyzing, and reporting the data to the Congress. The challenge is greatest with respect to Temporary Assistance for Needy Families (TANF) — which replaces Aid to Families with Dependent Children (AFDC) — and child support collection efforts. But it also extends to information reporting for food stamps, child care provision, Medicaid, housing, and Supplemental Security Income (SSI).

Three classes of problems confront program and information managers as they implement welfare reform:

- **Developing and enhancing information infrastructure.** Just as the development of new communities requires new roads and electric lines, enhanced information exchange requires new technology infrastructures. Members of the exchange network — which are expanding in number — must invest in new telecommunications capacity and must develop new connections among organizations and systems, since information will increasingly flow outside traditional state welfare organizational boundaries.

- **Redesigning applications to meet new management needs.** Traditional social service systems were designed to track information on eligibility, overall program costs, and process measures such as the number of services received. The Personal Responsibility Act requires integrative case management, rewards outcomes at the client level, and encourages variations in the service environment, so new information systems must support these new requirements and features.

- **Developing efficient cross-organizational data exchange methods.** The act envisions the routine exchange of large amounts of information among organizations for which few or no linkages currently exist. Creating these exchanges requires negotiations and decisions about new policy, management, and technical structures relating to the accuracy and portability of data.

In a previous *Rockefeller Report*, Richard Nathan noted that information systems can be viewed as the "spinal column of welfare modernization," and that preliminary reports from field researchers involved in the Institute's State Capacity Study indicate that the states face significant challenges, particularly in the areas of case management and caseload tracking. Rewiring the welfare system's spinal column — and working out the respective roles of federal, state and local governments in developing new systems — represents a key administrative challenge and a testing ground for intergovernmental cooperation in the new world of welfare.

Building a New Information Infrastructure

Traditional welfare management information systems were *self-contained*. Most information was collected within the boundaries of the organization, and entered into systems maintained at state and local welfare offices. States often took central responsibility for designing and implementing information systems and networks, even where welfare was administered at the local level. Information collection from organizations outside the welfare system normally occurred on a periodic basis, and consisted primarily of paper-based reporting.

To meet the reporting requirements of the Personal Responsibility Act, internal welfare networks will need to connect electronically with external partners. For instance, the act mandates monthly reporting by states on the weekly number of hours and compensation welfare recipients report in subsidized and unsubsidized employment. If such a mandate were implemented in a paper-based system, it would require

recipients or their employers to submit forms containing the relevant information at no less than monthly intervals for every employee receiving benefits. A system would also have to be devised whereby all employers were regularly notified, in writing, which employees fall under the TANF reporting requirements.

The act also mandates that individuals may not receive welfare benefits for more than five years anywhere in the United States. This requires a system of tracking families and their benefits *across* states to ensure that the 60 month limit is not exceeded. Such a system does not now exist. If implemented in a paper-based fashion, states would need to mail benefit inquiries to 50 states or a central clearinghouse every time a person applies for benefits — and manually enter any responses within the state's system after they are received.

Unless regulations about *due diligence* — the degree to which local social service agencies need to verify self-reporting by clients — are established which accept client self-reporting for monitoring purposes, traditional manual reporting systems will not support the requirements of the Personal Responsibility Act. *The alternative is the creation of a new electronic network encompassing employers, other states, the federal government, and organizations providing information on housing, child care provision, Medicaid, substance abuse treatment, criminal justice, and determination of noncustodial parent assets.*

This expansion of the welfare information network beyond traditional boundaries poses major management challenges, including:

- **Financial:** Traditionally, welfare networks were confined to the boundaries of state and local welfare offices, and as such could be financed directly by welfare funding. However, expanding the welfare information network beyond traditional confines raises an important financial question: Who pays?

  If the system is expanded from its base of state and local welfare offices to include nonprofit organizations, for-profit employment services, and other governmental, quasi-governmental, and nongovernmental sectors like health care, criminal justice, child care and housing, should the cost be borne by the welfare system, since the expansion is intended to meet welfare mandates? Or should costs be shared, since development of new electronic exchanges will benefit these other service systems as well?

  This is not an idle question, since the system required for extensive electronic exchange will cost billions of dollars nationwide. The Personal Responsibility Act provides funding for system expansion in the child support arena. However, TANF-related information costs, while exempt from a 15 percent administrative cap, must be balanced against important program costs such as the provision of basic grants, child care funding, and funding for employment, education, and training.

- **Coordination and standards development:** Since such a system will require partnerships across traditional boundaries, what procurement and coordination mechanisms will be necessary to provide partners with the appropriate hardware, networks, and software to participate in electronic information exchange? Will welfare systems bear all the costs, and impose technical and other standards through their purchasing power? Or should welfare systems leverage the systems and resources of the private sector and other governmental sectors to partner in developing systems? This tactic, while decreasing direct welfare system costs, would require new mechanisms for coordinating purchases and agreeing to common standards for networking and data exchange.

  Either way, this area represents major financial and human resource commitments both for welfare system administrators and their partners. Such a constraint may require welfare administrators to make strategic decisions about phased implementation of electronic systems, focusing early efforts on the areas that require the most frequent and voluminous information exchange.

- **Support capacity:** While governmental and for-profit organizations like banks may possess the capacity to install and maintain electronic data interchange (EDI) systems and networks, these

capabilities are not common among many smaller nonprofit groups like child care providers, nor are they ubiquitous in schools or other training and education systems. Establishment and maintenance of electronic information exchange networks will likely require massive training programs and an ongoing maintenance and support apparatus.

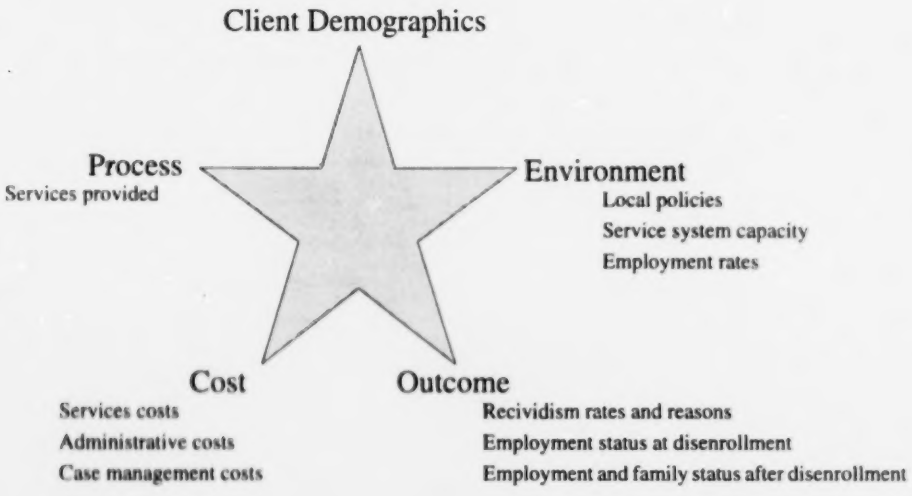
Given the scope of the challenges outlined above, will states determine that the development and maintenance of information systems to support integrated social service delivery lies outside their core area of expertise and seek to contract with private organizations to carry out this activity? The State of Texas attempted this solution, it was stalled in its efforts by a ruling from the federal Department of Health and Human Services that eligibility determination for federally funded welfare programs has to be done by governmental workers. Other states (e.g., Arizona, Wisconsin, Indiana, Wyoming) are exploring the outsourcing option, and many other states are monitoring this trend.

Some states are attempting to leverage recent investments in child welfare information systems (SACWIS) to establish a new computer platform for delivering all welfare applications and information. For instance, New York State intends to migrate welfare-based information systems to the CONNECTIONS system, an Internet-compliant environment linking state and local government and nonprofit child welfare agencies. The CONNECTIONS network will in turn reside on a secure state network called the NYT, which is expected to expand outward into communities to embrace local government and nonprofit organizations in the welfare, labor and health care arenas. The state is also developing a cross-organizational application development service center, to coordinate efforts in the labor, child welfare, and adult services areas.

Developing Applications that Meet Business Needs

The Personal Responsibility Act represents a major shift away from a system where receipt of welfare benefits was determined by whether a person met certain categorical criteria. Traditionally, if the individual or family met these criteria, they were determined to be *entitled* to welfare benefits for as long as they continued to meet the specified criteria. Information collection for the system therefore centered on determining and maintaining information about entitlement criteria.

While eligibility determinations previously were reviewed on a periodic basis through client interviews and paperwork review — a fairly static activity — management of the new system requires active case management and caseload review. This in turn requires a far more robust and integrated information system, encompassing five types of information, as indicated in the diagram below.



In general, current welfare systems are fairly well developed in the areas of process, demographic, and cost data. However, PRWORA imposes new burdens with respect to outcome and environmental information.

Defining Outcomes

The new law establishes a new focus on *outcomes* while it tightens eligibility criteria. States are rewarded and penalized based on their abilities to achieve specific outcomes. State and local information systems must therefore support the monitoring of client and staff actions to meet these outcomes.

While at first blush this mandate does not seem to be onerous, from a management perspective it entails the establishment of radically different information applications. This is due to the fact that while the legislative-established outcomes are absolute (for example, by 1998, 30 percent of all TANF recipients must be employed in work-related activities), day-to-day management of the system requires a fine-grained understanding of client movements and environmental conditions as well as a more activist approach by case workers.

For instance, in order to meet the goal of 30 percent and effectively manage the welfare system, state or local managers must track the number of new recipients, the status of all recipients with respect to their level of job preparation and employment in subsidized or unsubsidized workplaces, and the number of people removed from welfare roles. An even more powerful outcome measurement system would also track welfare recipients *after* they are removed from the rolls in order to monitor their ability to progress toward independence and avoid re-entry into the welfare system. *Ironically, federal reporting requirements detailed in the law emphasize measures of client behavior while in the welfare system but do not contain measures of true outcomes, namely, the success of individuals in keeping jobs and improving their lives after welfare benefits terminate.* Section 107 of the Personal Responsibility Act specifies a mechanism for developing alternative outcome measures to those included in the act, but to date no coordinated effort has been launched in this arena. States with some previous experience in welfare reform, such as Wisconsin, have begun defining alternative outcome measures in regulation and practice. New York State has even codified some alternative process and outcome measures in legislation.

Supporting System Diversity

It is the intention of welfare devolution to allow, even encourage, local variations in service structure, so that, in the words of Justice Louis Brandeis, a state may, "if its citizens choose, serve as a laboratory . . . and try novel social and economic experiments." Variation in program design — coupled with differences among states in client circumstances, system capacities, economic conditions, and culture or social norms — makes set treatments to achieve national outcomes problematic.

Given these new requirements and uncertainties, program managers, information professionals, and policy makers must take a far more contingent approach to system design than before. Information collection must be broader and more flexible, incorporating outcomes, environmental information, client demographics, services provided, and costs related to service provision, so that policy makers and managers in each state and locality can deduce effective treatments through data analysis. The inter-relatedness of client problems also argues for the need to integrate more information at the caseworker's desktop, as they struggle with day-to-day decisions about service delivery for individual families and clients.

The need for flexibility to accommodate state policy differences and account for local environmental conditions stands in stark contrast to recent federal practices in developing state welfare information systems. New state systems required HHS approval (the Advanced Planning Document), and states seeking to implement an automated system acquired it by using a federally approved information system operating in another state (the transfer requirement). While perhaps efficient if all states were subject to the same

requirements and same organizational design, such a system is contrary to the spirit and practice of welfare devolution.

One final note with regard to application development. As outlined above, there are significant federal information requirements embedded in the Personal Responsibility Act. Given the uncertainty about treatment and outcomes noted above, it is understandable that federal policy makers and managers might need large amounts of detailed data, since they, like their state counterparts, need to monitor the factors which affect state performance. Federal needs, however, place structural burdens on states and constrain local flexibility, thereby affecting the state's ability to decrease administrative overhead.

Managing Data Across Systems and Organizations

The last, but by no means the least, significant impact of the Personal Responsibility Act on state and local government information systems has to do with the data itself. The requirement of cross-organization and cross-system information exchange contained in the act raises serious issues of data integrity.

When information collection, storage, and analysis are confined to one information system, data management is relatively simple, since the meaning of codes and the rules for data entry are unified. However, the act's requirements for data sharing across organizations and systems geometrically increase the difficulty of integrating information as each new dataset is added. This is because each information system used by a welfare support organization will have its own unique data structure, client identifiers, coding conventions, business rules and collection timeframes unless a systemwide data dictionary and unique client identifiers shared by all parties has previously been developed. The ability of case workers, local administrators, and statewide system managers to integrate and analyze the information will therefore depend on their ability to interpret, refine, and synthesize conflicting information from different sources. Even assuming that the data contained in each system is accurate (that is, no garbage in, garbage out conditions), the data integration task is daunting. The task is even more difficult if local case workers need information in a timely fashion to manage cases on a day-to-day basis.

The requirement of cross-organization and cross-system information exchange contained in the act raises serious issues of data integrity.

Potential managerial and technical responses to this challenge will be the creation of electronic information exchange agreements among information providers, the establishment of human services data dictionaries and cross-organization coding schemes, and the development of human services "data warehouses." Data warehouses are massive databases which integrate information collected from disparate sources and are used for reporting and analysis after extensive data cleansing to ensure the quality, relevance, and timeliness of data.

Some states have already begun moving to meet these challenges. For example, California is completing the process of specifying a statewide welfare data dictionary through cooperative efforts across regional welfare systems, while New York is moving toward the development of a statewide data warehouse for welfare-related information.

Mapping the Trends

The information management challenges outlined above will require significant investments in information system upgrades, modifications and new purchases, as well as investments in worker training and education. A survey of states and territories undertaken in late 1996 by the National Governor's Association, the American Public Welfare Association, and the National Association of State Information Resource Executives, in cooperation with the federal Department of Health and Human Services, found that 27 states will need both new systems and upgrades to existing systems to comply with TANF requirements. Another 25

states will require upgrades of current systems, while one state reported the need to develop an entirely new system.

However, because of the factors noted in the previous sections, we predict that states will incur even greater changes to their information systems as a result of the Personal Responsibility Act than identified in the original state survey. We feel this because the survey uses traditional system designs as a baseline, and does not take into full account the significant sea changes in the three core areas, summarized below:

	Old Welfare System	*New Welfare System*
Infrastructure	Self-contained within welfare offices.	Encompasses the entire welfare service network, including all levels of government, nonprofit agencies, and for-profit corporations.
Applications	Targeted toward eligibility determination and periodic information maintenance.	Focused on active case management, outcome measurement, and continuous tracking.
Data	Data design, maintenance, and analysis contained within individual systems.	Data design, maintenance, and analysis cut across information systems and organizational boundaries.

Effective system design to meet these fundamental changes in the business of welfare services will likely require process re-engineering and development of new systems, not modification of traditional systems designed to meet entirely different business needs.

The Rockefeller Institute's multi-year State Capacity Project will track and report on how selected states grapple with the information challenges embedded in welfare reform. Our first report based on field research on welfare information systems in 21 states will be released in early 1998. By doing so, we hope to provide insights into how government at all levels implements the massive cultural changes embedded in legislative mandates, and how those changes are reflected in their policy and administrative systems.

The Nelson A. Rockefeller Institute of Government

The Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York, was established in 1982 to bring the resources of the 64-campus SUNY system to bear on public policy issues. The Institute is active nationally in research on the role of state governments in American federalism and the management and finances of state and local governments in major areas of domestic public affairs.

The State Capacity Study

The State Capacity Study is a multi-year research project on state management systems for welfare, Medicaid, and workforce development programs. The research includes two major rounds of intensive field research in 21 states, with each state study led by a research director, usually as scholar who works in the state and has extensive knowledge of the state's programs and administrative systems. The research will yield major reports as well as a series of Management Briefs.

To date, the study is funded by grants from the W. K. Kellogg Foundation, the Edna McConnell Clark Foundation, St. Luke's Charitable Health Trust, the Flinn Foundation, the Gund Foundation, the Fund for New Jersey, the Schumann Fund for New Jersey, and the U.S. Department of Health and Human Services.

About the Author

Terrence A. Maxwell is the Executive Director of the New York State Forum for Information Resource Management, housed at the Rockefeller Institute of Government in Albany, NY. The Forum is a membership organization representing 65 state agencies and 13 local governments in New York State in the area of information resource management, and currently has 1,700 individual members in New York state and local government. The role of the Forum is to provide educational, coordinative and research services to government professionals struggling with the challenges of information management.

Dr. Maxwell has an M.P.A. and Ph.D. in Public Administration from the University at Albany, State University of New York, specializing in Policy Analysis and Organizational Behavior. He has consulted on Information Policy issues with a variety of local and state government agencies, and recently was a member of a consulting team which assisted the Government of Lebanon in developing an information Strategic Plan. Before assuming his role as the Forum's Executive Director in 1994, Dr. Maxwell was for nine years Senior Mental Health Planner and Management Information Coordinator for the Ulster County Department of Mental Health in Kingston, NY. He currently serves as the Chair of the Devolution Subcommittee for the National Association of State Information Resource Executives (NASIRE). Dr. Maxwell is the Information Management Investigator for the State Capacity Study.

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